

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

* * * * *

In the Matter of:

ADJUSTMENT OF RATES OF NOLIN)	
RURAL ELECTRIC COOPERATIVE)	CASE NO. 7951
CORPORATION)	

O R D E R

IT IS ORDERED that Nolin Rural Electric Cooperative Corporation shall file with this Commission by November 21, 1980, the following information. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Page 2 of 5. Careful attention should be given to copied material to insure that it is legible.

Staff Request No. 1

1. Provide a statement of changes in financial position for the test year and the twelve month period immediately preceding the test year.
2. The detailed work papers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the application, to reserve, expense, investment, and reserve accounts for the test year. Include a detailed narrative explanation of each adjustment and the reason why each adjustment is required. Explain all components used in each calculation and index each calculation to the adjustment which it supports.
3. A schedule of salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format 1, attached.
4. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913 - Advertising Expenses, as shown in Format 2 attached and should also show any advertising expenditures included in other expense accounts. The analysis should be specific as to the purpose and expected benefit of each expenditure.

5. An analysis of Account 930.2 - Miscellaneous General Expenses, for the test period. This should include a complete breakdown of this account as shown in attached Format 3, and also provide all detailed working papers supporting this analysis. At minimum, the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure.

6. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

7. A copy of the auditor's report from your most recent audit.

8. Provide the Utility's Times Interest Earned Ratio and Debt Service Coverage Ratio, as calculated by the Rural Electrification Administration, for the test year and the five preceding calendar years. Include the data used to calculate each ratio.

9. Provide details of the Utility's policies regarding assignment, accumulation, and disbursement of patronage capital.

10. A breakdown of the following balance sheet accounts as of the end of the test year:

- (a) Investments in Associated Organizations - Patronage
- (b) Investments in Associated Organizations - Other
- (c) Other Current Liabilities
- (d) Deferred Credits

11. Provide copies of the most recent depreciation study of the Utility.

12. Provide an analysis of the depreciation rates in effect during the test year if other than those contained in the aforesaid study.

13. What were the findings and recommendations of the last study and when were they implemented?

14. Provide an analysis of the depreciation expense that was charged to clearing accounts during the test year, including the items of plant involved, the accounts charged, and the basis for the allocations.

15. Provide a breakdown of transportation equipment and the basis of the computation of depreciation rates for each type of equipment.

16. Provide details of the Utility's policies concerning Right-of-Way maintenance in-house or by outside firms; if done by outside firms, provide contracts and any supporting documents detailing the contract terms.

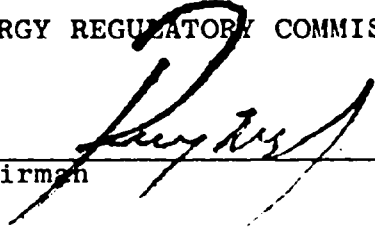
17. Provide a copy of the Company's current by-laws.

18. Provide a schedule of all charitable, social, or community contributions during the test period along with the account charged for each item.

19. Provide a schedule of all industry association and club dues for the test period along with the account charged for each item.

Done at Frankfort, Kentucky, this 5th day of November, 1980.

ENERGY REGULATORY COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

Case No. 7951

For the Calendar Years 1975 Through 1979

12 Months Ended

Calendar Years Prior to Test Year										Test Year	
5th		4th		3rd		2nd		1st			
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)

- | Line
No. | Item
(a) |
|-------------|--|
| 1. | Wages charged to expense: |
| 2. | Power production expenses |
| 3. | Transmission expenses |
| 4. | Distribution expenses |
| 5. | Customer accounts expense |
| 6. | Sales expenses |
| 7. | Administrative and general expenses: |
| | (a) Administrative and general salaries |
| | (b) Office supplies and expense |
| | (c) Administrative expense transferred-cr. |
| | (d) Outside services employed |
| | (e) Property insurance |
| | (f) Injuries and damages |

Nolin Rural Electric Cooperative Corporation
Case No. 7951

Format I
Schedule 2 of 2

- | Line
No. | Item
(a) |
|-------------|-------------|
|-------------|-------------|
7. Administrative and general expenses (continued):
 - (g) Employee pensions and benefits
 - (h) Franchise requirements
 - (i) Regulatory commission expense
 - (j) Duplicate charges-cr.
 - (k) Miscellaneous general expense
 - (l) Rents
 - (m) Maintenance of general plant
 8. Total administrative and general expenses L7(a) through L7 (m)
 9. Total salaries and wages charged expense (L2 through L6 + L8)
 10. Wages capitalized
 11. Total of salaries and wages
 12. Ratio of salaries and wages charged expense to total wages (L9 ÷ L11)
 13. Ratio of salaries and wages capitalized to total wages (L10 ÷ L11)
- NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

	12 Months Ended						
	5th	4th	3rd	2nd	1st	Test	
Amount	Amount	Amount	Amount	Amount	Amount	Amount	Year
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	%	%	%	%	%	%	%
	(j)	(k)	(l)	(m)	(n)	(o)	(p)

Nolin Rural Electric Cooperative Corporation

Case Number 7951

ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended May 31, 1980

(Total Company)

(000's)

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Sales or</u> <u>Promotional</u> <u>Advertising</u> <u>(b)</u>	<u>Institutional</u> <u>Advertising</u> <u>(c)</u>	<u>Conservation</u> <u>Advertising</u> <u>(d)</u>	<u>Rate</u> <u>Case</u> <u>(e)</u>	<u>Total</u> <u>(f)</u>
1.	Newspaper					
2.	Magazines and Other					
3.	Television					
4.	Radio					
5.	Direct Mail					
7.	Sales Aids					
8.	Total					
9.	Amount Assigned to Kentucky Retail					

Nolin Rural Electric Cooperative Corporation

Case Number 7951

ACCOUNT 930.2 MISCELLANEOUS GENERAL EXPENSES

For the 12 Months Ended May 31, 1980

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Water, and Other Testing and Research	
6.	Directors' Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	